

DEPARTMENT OF ADMINISTRATION

Good morning Department of Administration Employees,

Thank you for the hard work you do every day on behalf of the people of Alaska. I appreciate having a few minutes of your time to share with you Governor Dunleavy's proposed Fiscal Year 2020 budget for our department and his vision for our state.

As we all know, the state continues to face fiscal challenges in the wake of low oil prices. I, along with our budget team and the staff at the Office of Management and Budget, have worked diligently over the last six weeks to align our programs with our core services and identify areas of opportunity for efficiencies.

To focus on our priorities, it is critical that state expenditures equal revenue and avoid taking hard-earned money from Alaskans.

Specifically, our department will see the following changes effective July 1, 2019:

DOA will receive increased funding for healthcare initiatives that will improve our processes, strengthen our training and auditing services, and result in millions of dollars of savings for the State of Alaska. We also will receive increased authority for the support services we provide. In addition, DOA will reduce the dependence on government through elimination of public broadcasting grants and satellite services.

The Administration has also considered several longer-term, enterprise-wide initiatives that will positively impact our agency and the state as a whole. These will be carried out through administrative orders (AO) and focus on restructuring programs and administrative processes within state government, thereby improving effectiveness, increasing cost savings, and achieving better alignment between programs and department core services.

One example of streamlining processes can be seen in the AO to consolidate procurement and Human Resources across all State agencies. This will standardize and streamline processes that improve efficiencies, provide greater consistency, and result in cost savings. This process will take place over time, allowing agencies to collaborate and care for an effective implementation.

There is also an AO moving the Alaska Oil and Gas Conservation Commission to the Department of Commerce Community and Economic Development as this programs' mission and core services more closely align with their new departments. This will allow the DOA to focus on its core mission of providing effective and efficient administrative support to the Executive Branch and to implement innovative and cost-effective improvements more efficiently.

Additionally, there are four directives that further support the Governor's desire to improve services to Alaskans and deliver cost efficiencies across agencies. These include restructuring and directing agencies to investigate, analyze, and review additional opportunities for streamlining processes, reducing costs, and improving service to Alaskans. Examples of these

directives include evaluating rural airport systems, the Alaska Marine Highway System, and state-owned property for potential divestment, transfer, or public/private partnership options. For departments with laboratories, they have been asked to evaluate their individual laboratories and explore opportunities for consolidating functions.

Our budget, along with the budgets of the other agencies, provide a sustainable, predictable, and affordable framework by eliminating non-essential programs, eliminating duplication across agencies, realigning business process within agencies, unleashing entrepreneurialism, and maximizing our return on assets.

I look forward to our continued work together to find efficiencies in our department and to improve processes for our customers.

Sincerely,

Kelly Tshibaka
Commissioner

DEPARTMENT OF COMMERCE, COMMUNITY, & ECONOMIC DEVELOPMENT

Good morning DCCED Employees,

Thank you for the hard work you do every day on behalf of the people of Alaska. I appreciate having a few minutes of your time to share with you Governor Dunleavy's proposed Fiscal Year 2020 budget for our department and his vision for our state.

As we all know, the State continues to face fiscal challenges in the wake of low oil prices. I, along with our budget team and the staff at the Office of Management and Budget, have worked diligently over the last six weeks to align our programs with our core services and identify areas of opportunity for efficiency.

To focus on our priorities, it is critical that state expenditures equal revenue and avoid taking hard-earned money from Alaskans.

When developing our department's budget, we focused on our core functions: "Economic Growth, Sustainable Energy, Strong Communities and Consumer Protection."

Specifically, our department will see the following changes effective July 1, 2019:

Primary Structure Change:

- Eliminate the Economic Development component within DCCED and transfer to the Governor's Office to establish a cabinet level focus on statewide Economic efforts
 - This transfer will elevate the focus of the Alaska Economy to a Governor's level to engage the business community, provide and oversee outreach efforts, and advise the Governor on the economic impacts of policies across all departments.
 - This change will realign business processes, provide more efficiencies through the coordination and reduce state costs.
 - The Investment portion of the Division will remain but at a reduced capacity pending the Revolving Loan Fund repeal legislation and the review of the portfolio management. More details on this repeal below.

Budget Change:

- 50% department wide travel reduction based on FY2018 actual expenditures
 - The Administration is taking a critical view of all travel and wants each agency/board/commission to eliminate nonessential travel regardless of the fund source.
 - In recognition that not all programs will be able to cut their travel in half and still accomplish their mission, we will have the flexibility to set a more accurate travel budget in Management Plan but it will have to be accommodated with other cost savings in the overall reduced budget.

- Specific guidance on the current Administration's travel restriction and approval process is currently under development
- \$1 million GF reduction within Community & Regional Affairs associated with the realignment of Local Government Support and Services for better efficiencies
 - We are reviewing all departmental expenditures and practices in efforts to reduce expenditures and dependence on government in accordance with Governor Dunleavy's efforts. This change will reduce the DCRA budget down to FY2018 actual expenditure levels. A full review and realignment of processes and prioritization of programming services will assist in meeting this reduction and stay within budget. There are no changes to staffing levels with this reduction at this time.
- GF reduction within Community & Regional Affairs eliminating the grant funding for the Alaska Legal Services Corporation in efforts to reduce dependence on government

Fund Changes Include:

- Replacing the PCE funding with GF to continue to support the Rural Energy Assistance Program
 - This will return the Rural Energy Assistance Program to a general funded program and will require this program to compete for general funds in the same fashion as other state funded programs through the legislative process.
- Replaced all general funds within the Alcohol & Marijuana Control Office with Marijuana Licensing receipts for licensing and regulation activities
 - This funding change will fully support the program thru collected receipts. Receipts are sufficient to support the program 100% and is anticipated to "lapse" approximately \$100.0 to \$200.0 in FY2019.
 - These fees will continue to support the consolidated investigator positions through a reimbursable service agreement (RSA) with the Department of Law.

Additionally, the Administration has also considered several longer-term, enterprise-wide initiatives that will positively impact our agency and the state as a whole. These will be carried out through administrative orders (AO) and focus on restructuring programs and administrative processes within state government, thereby improving effectiveness, increasing cost savings, and achieving better alignment between programs and department core services.

One example of streamlining processes can be seen in the AO to consolidate **procurement and human resources** across all State agencies. This will standardize and streamline processes that improve efficiencies, provide greater consistency, and result in cost savings. This process will take place over time, allowing agencies to collaborate and care for an effective implementation.

There are also four directives that further support the Governor's desire to improve services to Alaskans and deliver cost efficiencies across agencies. These include restructuring and directing agencies to investigate, analyze, and review additional opportunities for streamlining processes,

reducing costs, and improving service to Alaskans. Examples of these directives include evaluating rural airport systems, the Alaska Marine Highway System, and state-owned property for potential divestment, transfer, or public/private partnership options. For departments with laboratories, they have been asked to evaluate their individual laboratories and explore opportunities for consolidating functions.

Administrative Order:

- Consolidating investigator positions from DCCED, DOLWD, DEC and DHSS into the Department of Law will result in efficiencies, reduced costs, and prioritization for life, health, and safety investigations.
 - This will reduce the cost of criminal and civil investigations and prosecutions by pooling resources and breaking down inefficient silos.
 - For example, right now a report of a potential bad actor business would have to go to DCCED to ensure compliance with corporations, business and professional licensing laws and three different units within DOLWD to ensure compliance with workers' compensation, wage and hour, and unemployment insurance laws. This is neither efficient nor effective.
 - The investigators will be able to focus on being the experts in how to conduct investigations and gather information because they will be more closely connected to the attorney's that are the experts in the laws.

Governor's Legislation:

- Repeal of Quasi Dedicated Funds
 - This will repeal the quasi dedicated funds within DCCED, including the community assistance fund and the power cost equalization fund, but retains the programs.
 - The program will remain on the books, but will compete for general funds like any other program through the legislative budget process.
- Repeal underutilized Revolving Loan Funds currently operated by the State and exit the area of the economy more appropriately filled by the private sector
 - This will eliminate the State from competing with the private banking industry and/or making loans to borrowers who do not meet the credit requirements of a private lender.
- Repeal of the Marijuana Control Board and Alcoholic Beverage Control Board
 - The intent is to transfer the authority and responsibilities of the two boards to the commissioner and remove the marijuana control board and the alcoholic beverage control board.

- Reducing the regulatory burden in efforts to expand entrepreneurialism
- Commissioner may adopt regulations and processes to allow alcohol and marijuana licenses to be processed more akin to that of professional licenses.
- This removes the limitations on the selection and appointment process of the director by the Governor.
- Professional Licensing and Regulatory Reform
 - Review of statutes and regulations are being completed to streamline business functions and operations
 - Encouraging growth within Alaska's economy by repealing unnecessary regulatory burdens, by not increasing taxes, and by creating stability
 - Review professional licensing requirements and ensure requirements are in line with industry best practices and modern consumer expectations
 - Review for potential repeal of statutes and regulations for professions with strong national licensing agencies that could take the place of state licensure

Our budget, along with the budgets of the other agencies, provide the State with a sustainable, predictable, and affordable framework by: eliminating non-essential programs, eliminating duplication across agencies, realigning business process within agencies, unleashing entrepreneurialism, and maximizing our return on assets.

I look forward to our continued work together to find efficiencies in our department and to improve processes for our customers as a team.

Sincerely,

Commissioner Anderson

DEPARTMENT OF CORRECTIONS

Good morning DOC Employees,

Thank you for the hard work you do every day – your diligence and dedication to the department is admirable, recognized, and greatly appreciated. I'd like to take a few minutes of your time to share with you Governor Dunleavy's proposed Fiscal Year 2020 budget for our department and his vision for our state.

As many of you know, the Governor promised Alaskans he'd propose a sustainable, predictable, and affordable budget. In order to fulfill that promise, expenditures must equal revenue, meaning departments will face both fiscal and structural changes. The proposed budget is built around the core functions of government and ensures hard-earned money is not being taken from Alaskans. Specifically, in the proposed budget DOC will see the following changes:

- Discontinuing the Professional Conduct Unit.
- Using outside institutions for approximately 500 inmates meeting specified criteria.
- Closing only the sentenced side of Wildwood Correctional Center.

The Administration has also considered several long-term, blanket initiatives that will positively impact the State as a whole. Some of these other proposals include reducing non-inmate, non-probation and parole, and non-academy/training travel by 50%, as well as streamlining administrative functions to standardize and improve efficiencies, resulting in cost savings.

Rest assured, even with these changes, the budget represents the Governor's dedication to improved public safety and meeting the needs of our Department's mission. I am confident by working together, we will meet these challenges head-on.

I am extremely grateful for the contributions made by each of you every day and look forward to working with you all to continue serving Alaskans.

Sincerely,

Nancy Dahlstrom
Commissioner
Department of Corrections

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

Good morning DEED Staff,

Thank you for the hard work you do every day on behalf of the students of Alaska. Today, Governor Dunleavy's proposed Fiscal Year 2020 budget is being released to the public.

The Governor's proposed FY20 budget includes the following major changes to our department's budget, which if passed by the Legislature, would become effective July 1, 2019:

- \$269M reduction to the Foundation Funding Formula Program
- Repeal the following programs:
 - \$30M FY20 one-time additional foundation funding grants to school districts
 - School Debt Reimbursement program
 - Alaska State Council on the Arts
 - Alaska Commission on Postsecondary Education and the Alaska Student Loan Corporation
 - WWAMI Medical Education program
- Eliminate programs within DEED not in statute or regulation:
 - Live Homework Help
 - Online with Libraries (OWL)
 - Early Childhood Grants
 - Head Start Grants
 - Best Beginnings
 - Parents As Teachers
 - Pre-Kindergarten Grants

The Administration has also considered several longer-term, enterprise-wide initiatives that will positively impact our department and the state as a whole. These will be carried out through administrative orders (AO) and focus on restructuring programs and administrative processes within state government, thereby improving effectiveness, increasing cost savings, and achieving better alignment between programs and department core services.

One example of streamlining processes can be seen in the AO to consolidate procurement and human resources across all state agencies. The goal is to standardize and streamline processes that improve efficiencies, provide greater consistency, and result in cost savings. This process will take place over time, allowing state agencies to collaborate and care for an effective implementation.

At this time in our state's history, difficult decisions must be made. Our responsibility is to look for opportunities to work together as Alaskans and face these challenges. The Alaska's Education Challenge will continue to guide and focus our work.

I look forward to working with you to support our school districts in providing an excellent education for every student.

Dr. Michael Johnson
Commissioner
Department of Education and Early Development

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Good morning Department of Environmental Conservation Employees,

Thank you for the hard work you do every day on behalf of the people of Alaska to implement the DEC mission: *conserving, improving, and protecting Alaska's natural resources and environment to enhance the health, safety, economic, and social well-being of Alaskans.*

Today, Governor Dunleavy's proposed Fiscal Year 2020 budget was released showing his vision for our state.

As we all know, the state continues to face fiscal challenges in the wake of low oil prices. With an emphasis on sustainability, it is critical that state expenditures equal revenue and this budget was developed with that in mind.

Specifically, the governor's budget for our department proposes the following changes that we expect to take effect on July 1, 2019:

- Halt the Ocean Rangers Program: This citizen's initiative added a layer of onsite observation on top of the State and Federal permitting and compliance programs for cruise ships. There are many permittees for air emissions and wastewater discharge across Alaska, but only the cruise ships have around-the-clock observation for compliance. The FY2019 budget will fund the program through the 2019 cruise ship season, and we will no longer have funding to implement it after the end of this summer.
- Discontinue the Dairy Program: This is an FDA-required regulatory program that allows the sole state bovine dairy to sell milk and milk products directly to retailers. It requires a significant amount of state subsidization to operate.
- Stop the Department's economic review of proposed regulations: Funding for the DEC's economist was removed in a previous budget cycle. It was temporarily funded in recent years by the Divisions. If necessary, economic analyses for proposed regulations will be performed by the Department of Revenue.
- Transfer the environmental crimes unit staff to Department of Law where they are more closely aligned with other State investigators and the attorneys which should improve prioritization of criminal cases.
- Lower the travel budgets by 50 percent for the Commissioner's Office, DAS, Air, Water and Environmental Health.

The Administration has also considered several longer-term, enterprise-wide initiatives that will positively impact our agency and the state as a whole. These will be carried out through administrative orders (AO) and focus on restructuring programs and administrative processes within state government, thereby improving effectiveness, increasing cost savings, and achieving better alignment between programs and department core services.

One example of streamlining processes can be seen in the AO to consolidate Procurement and Human Resources across all State agencies. This will standardize and streamline processes that

improve efficiencies, provide greater consistency, and result in cost savings. This process will take place over time, allowing agencies to collaborate and care for an effective implementation. Additionally, departments with laboratories have been asked to evaluate their individual laboratories and explore opportunities for consolidating functions. The DEC labs will participate in this review.

I look forward to working together to find efficiencies in our department and to continue to work in partnership with industry, governments, communities, and individuals to achieve the Department's mission. DEC staff should approach all interactions with a spirit of cooperation, customer service, understanding, and respect. Partnership includes taking time to learn about the needs and challenges of the individuals and organizations with whom we work. While working within our reduced budget, we can continue to accommodate these needs while still protecting public health and the environment.

You can find all of the documents related to Governor Dunleavy's FY202 budget at this link: <https://omb.alaska.gov/html/budget-report/fy2020-budget/amended.html>

OMB has asked for all budget related media questions to be forwarded to OMB Director Donna Arduin at 465-4043 for response. If you get a media question that is not budget related, please consider forwarding it to Laura Achee for review and or/response as some questions that do not appear to be budget related on the surface may in fact be budget related.

Sincerely,

Jason

DEPARTMENT OF FISH AND GAME

Greetings,

Thank you for the hard work you do every day on behalf of the people of Alaska. I appreciate you diligently contributing to our mission and helping protect, maintain, and improve the fish, game, and aquatic plant resources of the state, and manage their use and development in the best interest of the economy and the well-being of the people of the state, consistent with the sustained yield principle. I value you and all the work that you do on behalf of our state's fish and wildlife resource.

I would like to take a few minutes of your time to share with you Governor Dunleavy's proposed Fiscal Year 2020 budget for our department and his vision for our state. As we all know, the state continues to face fiscal challenges in the wake of low oil prices. I, along with our budget team and the staff at the Office of Management and Budget, have worked diligently over the last six weeks to align our programs with our core services and identify areas of opportunity for efficiencies.

To focus on our priorities, it is critical that state expenditures equal revenue in order to avoid taking hard-earned money from Alaskans. The State does have a fiscal challenge that is being addressed and the department contributed in these specific ways:

Specifically, our department will see the following changes effective July 1, 2019:

- Eliminate the General Fund for Special Areas Wildlife Viewing. This reduction in General Fund will impact Creamer's field in Fairbanks, Palmer Hayflats in Mat-Su, Potter Marsh in Anchorage, Pack Creek near Juneau and McNeil River in Southwest Alaska.
- Eliminate the fresh water sport fish logbook program.
- Reduce two Division Director positions from the Divisions of Habitat and Subsistence.
- 50% Travel Reduction across all Divisions and includes all fund sources.
- Reorganize and Consolidate the Commercial Fisheries Entry Commission into the Department. The goal of this reorganization is to reflect current workload while maintaining effective services to commercial fishermen.

The Administration has also considered several longer-term, enterprise-wide initiatives that will positively impact our agency and the State, these will be carried out through administrative orders (AO) and focus on restructuring programs and administrative processes within state government, thereby improving effectiveness, increasing cost savings, and achieving better alignment between programs and department core services.

One example of streamlining processes can be seen in the AO to consolidate procurement and Human Resources across all State agencies. This will standardize and streamline processes that improve efficiencies, provide greater consistency, and result in cost savings. This process will take place over time, allowing agencies to collaborate and care for an effective implementation. Additionally, there are four directives that further support the Governor's desire to improve services to Alaskans and deliver cost efficiencies across agencies. These include restructuring and directing agencies to investigate, analyze, and review additional opportunities for streamlining processes, reducing costs, and improving service to Alaskans. Examples of these directives include evaluating rural airport systems, the Alaska Marine Highway System, and state-owned property for potential divestment, transfer, or public/private partnership options. For those of us whose departments have laboratories, we have been asked to evaluate their individual laboratories and explore opportunities for consolidating functions.

Our budget, along with the budgets of the other agencies, provide a sustainable, predictable, and affordable framework by eliminating non-essential programs, eliminating duplication across agencies, realigning business process within agencies, unleashing entrepreneurialism, and maximizing our return on assets.

I look forward to our continued work together to find efficiencies in our department and to improve processes for our customers.

Sincerely,

Doug Vincent Lang

Commissioner

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Good morning Department of Health & Social Services Employees,

Thank you for the hard work you do every day on behalf of the people of Alaska. I appreciate having a few minutes of your time to share with you Governor Dunleavy's proposed Fiscal Year 2020 budget for our department and his vision for our state.

As we all know, the state continues to face fiscal challenges in the wake of low oil prices. I, along with our budget team and the staff at the Office of Management and Budget, have worked diligently over the last six weeks to align our programs with our core services and identify areas of opportunity for efficiencies.

To focus on our priorities, it is critical that state expenditures equal revenue and avoid taking hard-earned money from Alaskans.

Specifically, our department will see the following changes effective July 1, 2019:

- Implement rates for Pioneer Homes' residents which cover the cost of care while supporting those who cannot pay with financial assistance
- Discontinue grant programs including Senior Benefits, Community Initiative Grants, Human Services Community Matching Grants
- Retain Youth Probation Services in Nome and transfer youth detention and treatment services to other youth facilities
- Implement additional administrative efficiencies and cost containment efforts in Public Health Nursing and Public Assistance Field Services
- Work to change Alaska's Maintenance of Effort requirements for Medicaid and Temporary Assistance for Needy Families
- Pursue additional Medicaid reform initiatives through implementing a combination of cost savings and containment measures:

The Administration has also considered several longer-term, enterprise-wide initiatives that will positively impact our agency and the state as a whole, these will be carried out through administrative orders (AO) and focus on restructuring programs and administrative processes within state government, thereby improving effectiveness, increasing cost savings, and achieving better alignment between programs and department core services.

One example of streamlining processes can be seen in the AO to consolidate procurement and Human Resources across all State agencies. This will standardize and streamline processes that improve efficiencies, provide greater consistency, and result in cost savings. This process will take place over time, allowing agencies to collaborate and care for an effective implementation.

Revising the pay increment schedule to increase the length of time between pay increments and place a cap on pay increments supports the Administration's goal of a more sustainable budget. Also, the Administration is taking a critical view of all travel and has asked departments to eliminate nonessential travel regardless of funding source which is reflected with a 50 percent travel reduction for all departments.

Additionally, there are directives that further support the Governor's desire to improve services to Alaskans and deliver cost efficiencies across agencies. These include restructuring and directing agencies to investigate, analyze, and review additional opportunities for streamlining processes, reducing costs, and improving service to Alaskans. Examples of these directives include evaluating rural airport systems, the Alaska Marine Highway System, and state-owned property for potential divestment, transfer, or public/private partnership options. For departments with laboratories, they have been asked to evaluate their individual laboratories and explore opportunities for consolidating functions.

Our budget, along with the budgets of the other agencies, provide a sustainable, predictable, and affordable framework by: eliminating non-essential programs, eliminating duplication across agencies, realigning business processes within agencies, unleashing entrepreneurialism, and maximizing our return on assets.

I look forward to our continued work together to find efficiencies in our department and to improve processes for our clients.

Sincerely,

Adam Crum
Commissioner

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

Good morning DOLWD Employees,

Thank you for the hard work you do every day on behalf of the people of Alaska. I appreciate having a few minutes of your time to share with you Governor Dunleavy's proposed Fiscal Year 2020 budget for our department and his vision for our state.

As we all know, the state continues to face fiscal challenges in the wake of low oil prices. I, along with our budget team and the staff at the Office of Management and Budget, have worked diligently over the last six weeks to align our programs with our core services and identify areas of opportunity for efficiencies.

To focus on our priorities, it is critical that state expenditures equal revenue and avoid taking hard-earned money from Alaskans.

Specifically, our department will see the following changes related to the budget:

Travel: Reduced by 50% of FY2018 actual travel costs

The Administration wants to eliminate nonessential travel regardless of the fund source. Specific guidance on the current Administration's travel restriction and approval process is currently under development.

AVTEC: UGF Cut to Offset TVEP Increase

Since AVTEC will be receiving a \$261.7 TVEP formula-funded increase, there is an offsetting UGF decrease.

DETS: Discontinuation of Alaska Mental Health Trust Authority Agreement

The department determined that the local participation of Job Center staff in their respective Reentry Coalitions and additional partnerships with stakeholders meets or exceeds the initial intent of the project. This approach is more efficient at solving issues and creating firm collaborative efforts that are often unique to local areas and local stakeholders. Operational funding for these local-level activities is within the scope of the current DETS budget and does not require further investment from the Alaska Mental Health Trust Authority.

Consolidation of Facilities Maintenance functions into DOTPF

The department is participating in a statewide consolidation of facilities maintenance functions that will be housed in the Department of Transportation and Public Facilities under the new Division of Facilities Services.

Social Security Administration's new reconsideration process

Increased federal authority by \$520.0 to cover expenditures related to the Social Security Administration's new reconsideration process which reinstates the reconsideration level of review.

DOLWD may also be impacted by Legislative Proposals and administrative/program changes.

Consolidating investigators from DCCED, DOLWD, DEC and DHSS into Law

This consolidation will result in efficiencies, reduced costs, and prioritization of life, health, and safety investigations. This will reduce the cost of criminal and civil investigations, and prosecutions by pooling resources and breaking down inefficient silos.

Additionally, the Administration has also considered several longer-term, enterprise-wide initiatives that will positively impact our agency and the state as a whole. These will be carried out through administrative orders (AO) and focus on restructuring programs and administrative processes within state government, thereby improving effectiveness, increasing cost savings, and achieving better alignment between programs and department core services.

One example of streamlining processes can be seen in the AO to consolidate **procurement and human resources** across all State agencies. This will standardize and streamline processes that improve efficiencies, provide greater consistency, and result in cost savings. This process will take place over time, allowing agencies to collaborate and care for an effective implementation.

There are also four directives that further support the Governor's desire to improve services to Alaskans and deliver cost efficiencies across agencies. These include restructuring and directing agencies to investigate, analyze, and review additional opportunities for streamlining processes, reducing costs, and improving service to Alaskans. Examples of these directives include evaluating rural airport systems, the Alaska Marine Highway System, and state-owned property for potential divestment, transfer, or public/private partnership options. For departments with laboratories, they have been asked to evaluate their individual laboratories and explore opportunities for consolidating functions.

Our budget, along with the budgets of the other agencies will provide a sustainable, predictable, and affordable framework by: eliminating non-essential programs, eliminating duplication across agencies, realigning business process within agencies, unleashing entrepreneurialism, and maximizing our return on assets.

Some of these changes will provide opportunities for cross-training, pooling of resources, and will increase successful outcomes.

I trust that you and others will have questions regarding the budget and how it may impact the work that you do for DOLWD. Our communication plan consists of the following:

- You may receive calls or emails from the media, interested parties, or individuals regarding the budget. **I ask that all DOLWD staff do not answer any questions regarding the budget and/or potential impacts of the budget.** All external inquiries regarding the budget should be directed to our Special Assistant, Jerry Pierce at 465-5673. Jerry will forward all questions to the appropriate contact for a response.

- Any questions you may have regarding the budget and/or potential impacts of the budget should be directed to your management team. Director Harbour and her team will meet with affected groups in the near future.

I value your contributions to the success of DOLWD and I look forward to our continued work together to find efficiencies in our department and to improve processes for our customers.

Sincerely,

Commissioner Ledbetter

DEPARTMENT OF LAW

Good morning Department of Law Employees,

Thank you for the hard work you do every day on behalf of the people of Alaska. Over the past couple of months I have seen firsthand the high quality legal work that comes from this department as well as the comradery that makes it such a great place to work. When asked by others about my experience and my vision for the department, I tell them that I view the department as a well-oiled machine, and my job is to provide support and make sure the machine keeps running as effectively as possible.

I'm writing today because, as you are probably aware, Governor Dunleavy is releasing the Fiscal Year 2020 budget. Governor Dunleavy wanted to make sure that you hear about the budget and his vision for our state as the budget is being released.

The state continues to face fiscal challenges in the wake of low oil prices. Our budget team has been working with the Office of Management and Budget since the change in administration to address these fiscal challenges and ensure that state expenditures equal revenue. The focus has been on aligning the state's programs with the core services in each department and identifying areas of opportunity for efficiencies.

For the Department of Law, the budget, if passed, would not look that different from what it has been the last few years. Governor Dunleavy has prioritized public safety, which means our Criminal Division would remain at its current level of funding, along with the nine additional positions we are asking for in relation to the Governor's crime package. The Civil Division will see a little less in its general fund allocation but we expect to be able to manage this change with minimal impact to the division. The only other major change for the department will be the consolidation of investigators from other departments into the Department of Law. This is one of a number of statewide initiatives aimed at finding efficiencies through consolidating and pooling resources between departments.

Which brings me to some additional changes we may see in our Administrative Services Division. The Administration is also considering several longer-term, enterprise-wide initiatives that may impact our agency. These will be carried out through administrative orders (AO) and focus on restructuring programs and administrative processes within state government.

One example of streamlining processes can be seen in the AO to consolidate procurement and human resources across all State agencies. This will standardize and streamline processes that improve efficiencies, provide greater consistency, and result in cost savings. This process will take place over time, allowing agencies to collaborate and take part in an effective implementation.

I understand that these changes can seem daunting. Solving these fiscal challenges requires that the state do things differently, so we can continue to provide high quality services to the state and the public while bringing our expenditures in alignment with revenues. These are challenging times, but I am very proud of the team we have here at the department. And I look forward to

working with all of you as we navigate these changes, while continuing in the great work you all do for the state day in and day out.

Kevin G. Clarkson
Attorney General

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Good morning Department of Military and Veterans' Affairs Employees,

Thank you for the hard work you do every day on behalf of the people of Alaska. I appreciate having a few minutes of your time to share with you Governor Dunleavy's proposed Fiscal Year 2020 budget for our department and his vision for our state.

As we all know, the state continues to face fiscal challenges in the wake of low oil prices. I, along with our budget team and the staff at the Office of Management and Budget, have worked diligently over the last six weeks to align our programs with our core services and identify areas of opportunity for efficiencies.

To focus on our priorities, it is critical that state expenditures equal revenue and avoid taking hard-earned money from Alaskans.

Specifically, our department will see the following changes effective July 1, 2019:

- Eliminate 2 PCNs within the Department
- Withdraw funding request for a chaplain position and team leaders at the Alaska Military Youth Academy
- Withdraw the AMYA expansion request for the job ChalleNGe program
- Eliminate funding Local Emergency Planning Committee
- Continue divestiture of State armories and realize savings
- Advance the proposal to privatize the Alaska Aerospace Corporation
- Discontinue the Fairbanks Interior Veterans' Cemetery planning
- Identified \$800.0K Undesignated General Funds from outstanding capital projects
- \$100.0K Fund swap for the AMYA
- Removed \$210.0K of Alaska State Defense Force funding
- Funding for state portion of Alcantra Armory design phase eliminated

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I look forward to our continued work together to find efficiencies in our department and to improve processes for our customers.

Sincerely,

Torrence W. Saxe
Commissioner

DEPARTMENT OF NATURAL RESOURCES

Dear Team DNR;

Thank you for the hard work you do every day on behalf of the people of Alaska.

I appreciate having a few minutes of your time to share important information about Governor Dunleavy's vision for our state, about the FY2020 operating budget he introduced today, and about what they mean for our department.

As we all know, the State continues to face fiscal challenges brought on by low oil prices and a lagging economy. It's critical that state expenditures equal revenue, and that we avoid taking hard-earned money from Alaskans.

With those goals in mind, our leadership team and I -- along with the staff at the Office of Management and Budget -- have been working diligently over the last six weeks. Our goal was to better align DNR's programs with our core services, and to identify opportunities for efficiencies so we can match our limited resources to our most critical missions.

Our budget, along with the budgets of the other state agencies, provide a sustainable, predictable and affordable framework by: eliminating non-essential programs, eliminating duplication across agencies, realigning business process within agencies, provide opportunities for the private sector and maximizing our return on assets.

I wanted to share a few details of what that will look like for our department in the proposed budget starting July 1, 2019.

Some programs will see increases:

- We will raise the base budget for Wildland Fire suppression to accurately reflect the actual cost of fighting fire
- We will generate new revenue by increasing the sales price for seismic tax credit data in order to fund seismic data processing and distribution
- We will add funds for Reservoir Modeling Contract Services

Others will see consolidations:

- The Agricultural Land Sales program will be consolidated into the Division of Mining, Land and Water
- The State Pipeline Coordination Section will be consolidated with the Division of Oil and Gas
- The Alaska Geospatial Council will move from the Office of Project Management and Permitting to the Division of Geological and Geophysical Surveys
- The Recreational Trails program will be reorganized
- Parks Field Administration staff will be consolidated

And, some programs will be closed.

- The recorder's offices in Fairbanks, Palmer, Juneau and Kenai will close, with some consolidation to the Anchorage office

- The Division of Agriculture will lose some programs, including the Agricultural Revolving Loan Fund, the Alaskan Grown marketing program, the “farm to institution” program, the agricultural veterinarian and some Plant Material Center programs.

All told, our department will be reducing its workforce by 25 current employees, and a total of 37 positions. An additional seven positions will be transferred.

I understand that this is difficult news to hear. It was difficult to arrive at these decisions and it is certainly not easy news to share. However, it speaks far more to the state’s very significant fiscal challenges than it does to the good work performed by each of you.

The Administration has also considered several long-term, enterprise-wide initiatives, to be implemented by statute or administrative order that will positively impact DNR and the entire state. These will focus on restructuring programs and administrative processes to improve effectiveness, increase cost savings and achieve better alignment between programs and department core services.

For example, the Administrative Order to consolidate procurement and Human Resources services across all State agencies will standardize and streamline processes that improve efficiencies, provide greater consistency and result in cost savings. It will take place over time, to help agencies collaborate on effective implementation.

You will very likely have more specific questions about the budget, and how it will affect you and the work you do in your own division. I encourage you to contact your director first; but I will always be willing to talk with you about these changes and what they mean in specific cases.

Every state has its ups and downs. Whether Alaska is enjoying flush times or toughing-out lean years, it is essential that we continue to provide the high-quality, professional services to our citizens and clients for which our department is justifiably known and respected.

As we work to accommodate ourselves to this budget, I know I can count on each of you to continue working professionally and productively, as you do every day of the year, with the long-term well-being of our state always uppermost in mind.

I look forward to our continued work together to find efficiencies in our department and to improve processes for our customers.

Sincerely,

Corri

Corri A. Feige
Commissioner
Alaska Department of Natural Resources

DEPARTMENT OF PUBLIC SAFETY

Good morning Department of Public Safety Employees,

Thank you for the hard work you do every day on behalf of the people of Alaska. I appreciate having a few minutes of your time to share with you Governor Dunleavy's proposed Fiscal Year 2020 budget for our department and his vision for our state.

As we all know, the state continues to face fiscal challenges in the wake of low oil prices. I, along with our budget team and the staff at the Office of Management and Budget, have worked diligently over the last six weeks to align our programs with our core services and identify areas of opportunity for efficiencies.

To focus on our priorities, it is critical that state expenditures equal revenue and avoid taking hard-earned money from Alaskans.

Public safety is Governor Dunleavy's highest priority, as a result the only reductions in the Department of Public Safety's budget are where program operations are not expected to need as much funding as originally budgeted or where there are technical adjustments. Specifically, our department will see the following changes effective July 1, 2019:

- In an effort to make progress towards ensuring that Alaska has enough State Troopers, this budget will fund increased salaries for all levels of Alaska State Troopers to improve retention and recruitment efforts and fill the more than 40 vacant State Trooper positions.
- Increase the Public Safety Training Academy budget to allow the academy to use all the fees collected from increasing enrollment to provide top quality training to state and local enforcement agencies.
- Fully fund two Alaska State Trooper investigator positions added last year in Bethel and Anchorage to focus on domestic violence and sexual assault investigations and prosecutions. These investigators are based in Department of Law prosecutor's offices to focus solely on these types of crimes and help ensure timely investigation and prosecution.
- Increase funding by more than \$4 million of federal Victims of Crime Act grants and other non-general funds for services to victims of violent crime, especially domestic violence and sexual assault in rural Alaskan communities. This will help victims of violent crime avoid being re-victimized and recover from the damage to them and their families.
- Aggressively combat the supply of illegal drugs in Alaska by partnering with federal, state, local, and tribal law enforcement agencies using \$5 million of federal funds from the High Intensity Drug Trafficking Areas Program. Reducing illicit drug use will help

reduce associated crimes of theft and violence that have impacted so many Alaskans over the past several years.

- Although the VPSO grants funding in this budget is less than originally proposed, each grantee is encouraged to continue diligent recruiting efforts, and to hire new VPSO's. The Department of Public Safety will work with VPSO programs to find ways to improve the delivery of rural public safety services.
- The Alaska Scientific Crime Detection Laboratory will work with other state laboratories to identify and take advantage of opportunities for consolidation of resources and/or sharing space and resources.

The Administration has also considered several longer-term, enterprise-wide initiatives that will positively impact our agency and the state as a whole, these will be carried out through administrative orders (AO) and focus on restructuring programs and administrative processes within state government, thereby improving effectiveness, increasing cost savings, and achieving better alignment between programs and department core services.

One example of streamlining processes can be seen in the AO to consolidate procurement and Human Resources across all State agencies. This will standardize and streamline processes that improve efficiencies, provide greater consistency, and result in cost savings. This process will take place over time, allowing agencies to collaborate and care for an effective implementation. There is also an AO moving the Alaska Oil and Gas Conservation Commission to the Department of Commerce, Community, and Economic Development as this program's mission and core service more closely aligns with Commerce. This will allow the DOA to focus on its core mission of providing effective and efficient administrative support to the Executive Branch and to implement innovative and cost-effective improvements more efficiently.

Additionally, there are four directives that further support the Governor's desire to improve services to Alaskans and deliver cost efficiencies across agencies. These include restructuring and directing agencies to investigate, analyze, and review additional opportunities for streamlining processes, reducing costs, and improving service to Alaskans. Examples of these directives include evaluating rural airport systems, the Alaska Marine Highway System, and state-owned property for potential divestment, transfer, or public/private partnership options. For departments with laboratories, they have been asked to evaluate their individual laboratories and explore opportunities for consolidating functions.

Our budget, along with the budgets of the other agencies, provide a sustainable, predictable, and affordable framework by: eliminating non-essential programs, eliminating duplication across agencies, realigning business process within agencies, unleashing entrepreneurialism, and maximizing our return on assets.

I want to take this opportunity to personally thank each one of you for your hard work and dedication to this department. I want to assure you that the work you do is extremely valuable to our primary mission of providing professional Public Safety Services to the people of Alaska.

Sincerely,
Amanda Price
Commissioner
Department of Public Safety

DEPARTMENT OF REVENUE

Good morning Department of Revenue Employees,

Thank you for the hard work you do every day on behalf of the people of Alaska. I appreciate having a few minutes of your time to share with you Governor Dunleavy's proposed Fiscal Year 2020 budget for our department and his vision for our state.

As we all know, the state continues to face fiscal challenges in the wake of low oil prices. I, along with our budget team and the staff at the Office of Management and Budget, have worked diligently over the last six weeks to align our programs with our core services and identify areas of opportunity for efficiencies.

To focus on our priorities, it is critical that state expenditures equal revenue and avoid taking hard-earned money from Alaskans.

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There are four directives that further support the Governor's desire to improve services to Alaskans and deliver cost efficiencies across agencies. These include restructuring and directing agencies to investigate, analyze, and review additional opportunities for streamlining processes, reducing costs, and improving service to Alaskans. Examples of these directives include evaluating rural airport systems, the Alaska Marine Highway System, and state-owned property for potential divestment, transfer, or public/private partnership options. For departments with laboratories, they have been asked to evaluate their individual laboratories and explore opportunities for consolidating functions.

Our budget, along with the budgets of the other agencies, provide a sustainable, predictable, and affordable framework by: eliminating non-essential programs, eliminating duplication across agencies, realigning business process within agencies, unleashing entrepreneurialism, and maximizing our return on assets.

I look forward to our continued work together to find efficiencies in our department and to improve processes for our customers.

Bruce Tangeman
Commissioner

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

Good morning DOT&PF,

Thank you for the hard work you do every day on behalf of the people of Alaska. I'd like to take a few minutes to share Governor Dunleavy's vision for our state and his proposed Fiscal Year 2020 Budget for our department.

As we all know, the state continues to face fiscal challenges in the wake of low oil prices. I, along with our budget team and staff at the Office of Management and Budget (OMB), have worked diligently over the last six weeks to align our department's programs with our core services and to identify areas of opportunity for efficiencies.

It is Governor Dunleavy's vision that the budget should provide a sustainable, predictable, and affordable framework, and that state expenditures should equal revenues. To support this vision, all departments will work to discontinue nonessential programs and duplication across agencies, realign business processes within agencies, unleash entrepreneurialism, and maximize return on assets.

The administration is considering several long-term, statewide initiatives that will positively impact our department and the state. These initiatives will be carried out through Administrative Orders (AO) and will focus on restructuring programs and administrative processes within state government. Benefits include improved effectiveness, cost savings, and better alignment between programs and department core services.

One example of streamlining processes is to continue to consolidate procurement and human resources across all state agencies. This AO will standardize processes to improve efficiencies, provide consistency, and result in cost savings. This will take place over time, allowing agencies to collaborate and assure effective implementation.

In addition to the AOs, there are directives that support the Governor's desire to improve services for Alaskans and reduce costs. These are restructuring, directing agencies to investigate, analyze, and review additional opportunities for streamlining processes, reducing costs, and improving service to Alaskans.

Examples of ways DOT&PF will implement these directives include evaluating rural airport systems, the Alaska Marine Highway System, and state-owned property for potential divestment, transfer or other management options. Departments will work together and explore opportunities for consolidating functions.

At this point, we expect to see the following department changes effective July 1, 2019:

- Transfer of staff from other departments to support the Division of Facilities Services as the division assumes responsibility for more facilities across the state
- Transfer of DOT&PF staff to the Office of Information Technology
- The Alaska Marine Highway System funding is reduced by 75 percent. The department will work with a consultant to explore other service options and investment opportunities

- Divest or change the designation of rural airports
- Reduction in travel budgets

To see the proposed FY2020 budget documents, visit <https://omb.alaska.gov/html/budget-report/fy2020-budget/amended.html>

DOT&PF employees who have questions can email dot.employee.questions@alaska.gov. We will work to identify the subject matter expert to respond to each inquiry.

Over the next few months, we will see many changes. As a department, we will continue to focus on our core services as we work to find efficiencies, improve processes for our customers, and communicate with each other as we move forward.

Sincerely,
Commissioner MacKinnon